Speakers

Mike Foley
Chief Financial Officer

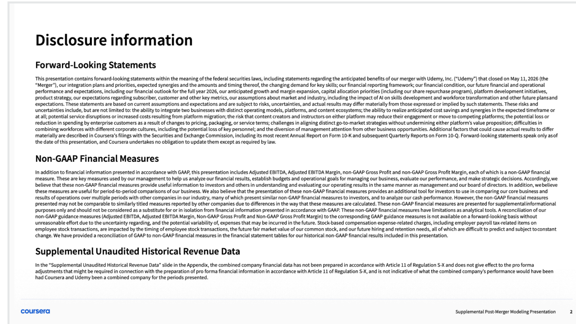
Cam Carey
Vice President, Investor Relations

Prepared Remarks

Welcome

Cam Carey

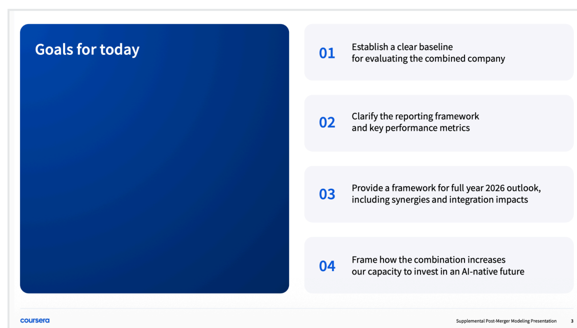
- Good morning, and thank you for joining us.
- Today's call is intended to provide supplemental modeling context for the combined Coursera and Udemy business following the close of our transaction in May.
- Joining me today is Mike Foley, Coursera's Chief Financial Officer.
- We have allotted a half hour for today's call, including brief remarks from Mike followed by Q&A.
- All supplemental materials are available on our Investor Relations website at investor.coursera.com, where a replay of this webcast will also be available following the event.



Disclosure information

Cam Carey

- Before we begin, I'd like to remind everyone that today's discussion will include both GAAP and non-GAAP financial measures. Reconciliations to the most directly comparable GAAP measures can be found in the materials and supplemental disclosures posted to our Investor Relations website.
- All statements made during this call relating to future results and events are forward-looking statements based on future expectations and beliefs.
- Actual results and events could differ materially from those expressed or implied in these forward-looking statements due to a number of risks and uncertainties, including those discussed in today's supplemental materials and our SEC filings.
- Please refer to the Safe Harbor statement included in today's materials for additional information.
- I'd now like to turn the call over to Mike.

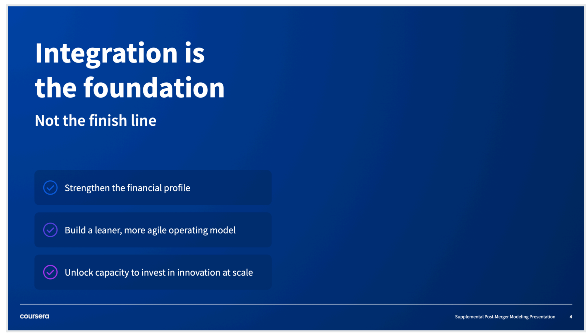


Goals for today

Mike Foley

- Thank you, Cam, and good morning, everyone.
- With the transaction closed and integration underway, we wanted to provide a clear framework for evaluating the combined company ahead of our next earnings report.
- Today, we will focus on four areas:
    - First, a baseline for understanding the combined company.
    - Second, clarity in how we intend to report and evaluate performance near term.

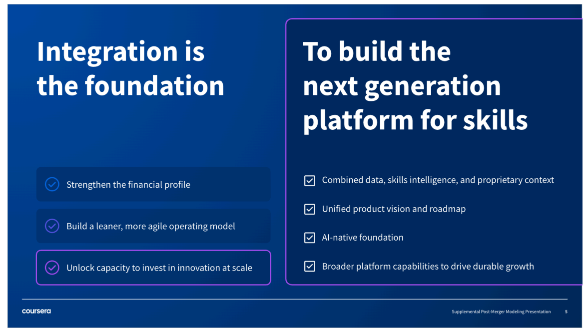
  - Third, a framework for full year 2026 expectations.
  - And finally, how the combination increases our capacity to invest in the next generation platform for skills.
- Today's session is focused on the remainder of 2026.
  - We are not introducing long-term financial targets, nor are we providing 2027 guidance.
  - Our near-term focus is disciplined execution, speed of integration, and delivering on the synergy commitments we have already communicated.



Integration priorities

Mike Foley

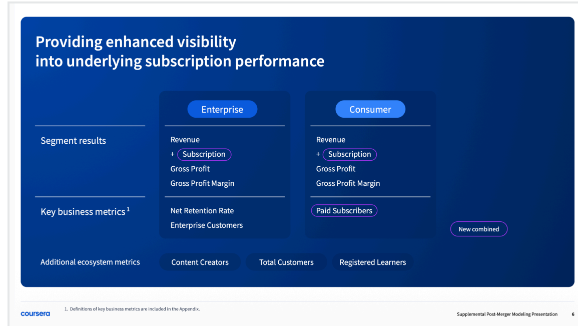
- Before turning to the financial framework, it is important to recognize that the strategic rationale for this combination extends beyond cost synergies.
- As I regularly remind our team members:
  - Those efforts are critical and should not be underestimated, but
  - They are table stakes, and we are well on track.
- The larger opportunity is how this combination positions us to pursue the global skilling opportunity ahead.
- AI is fundamentally changing how skills are developed, how learning is delivered, and how organizations assess workforce readiness.
  - It is also increasing the premium on trusted data, relevant experiences, and measurable proof of what people can actually do.
- AI is not only changing our market; it is changing how every company, including our own, must operate, innovate, and adapt.
- In this environment, speed, scale, and trusted context matter more. Not less.



Combined ecosystem

Mike Foley

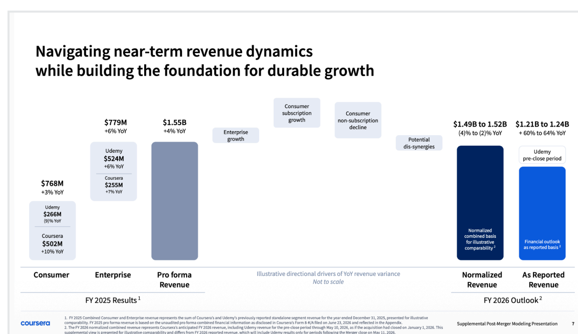
- The long-term value of this combination will come from harnessing proprietary data, skills intelligence, and our global ecosystem to connect skills, learning, proof, and outcomes.
- Together, Coursera and Udemy create one of the largest skills development platforms in the world, serving thousands of customers and millions of learners across a more comprehensive career journey.
    - That breadth matters because the future of workforce skilling will not be defined by access to more content alone.
    - It will be defined by helping learners and organizations identify the right skills, build them in the context of their everyday work, and prove capability in ways that connect to career and business outcomes.
- The combination gives us a broader lens into the global skills economy at the same moment in which the pace of technological change is accelerating the need to continuously assess and develop new skills.
    - Coursera has a deep understanding of how the world learns.
    - Udemy brings insight into how companies operate, how job roles are evolving, and how practical skills emerge in real time.
- Together, we believe those assets create a stronger foundation for the AI era.
    - Not because we have more content, but because we have more context.
- Simply put, that context, combined with our scale, data, customer reach, and investment capacity, gives us a differentiated foundation to build from as we integrate the companies and invest in the next chapter of growth.



Reporting framework

Mike Foley

- Because Coursera and Udemy share similar business models and segment structures, we are not fundamentally changing how we report the business.
- Going forward, we will continue to report through two operating segments: Enterprise and Consumer.
- The primary enhancement is additional transparency into subscription revenue.
    - This is particularly useful within Consumer, where subscriptions are now the primary growth driver and a majority of revenue.
    - To provide additional visibility, we will also begin reporting Paid Subscribers.
- For Enterprise, we will continue to provide Net Retention Rate and Enterprise Customers.
    - We have also aligned Udemy's customer definition and count to Coursera's methodology, which excludes web-enabled self-service accounts, to focus on the large customers that are the primary drivers of Enterprise performance.
- Our objective is simple: maintain consistency and provide more insight into the underlying drivers of performance.

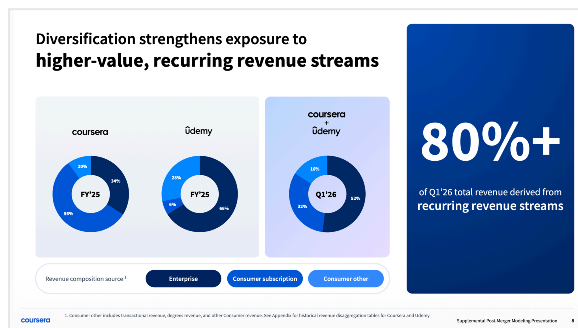


Revenue trends

Mike Foley

- Let me start with the revenue profile of the combined company.
- The pro forma business generated more than 1.5 billion dollars of annual revenue in 2025, providing meaningful scale across both Enterprise and Consumer.

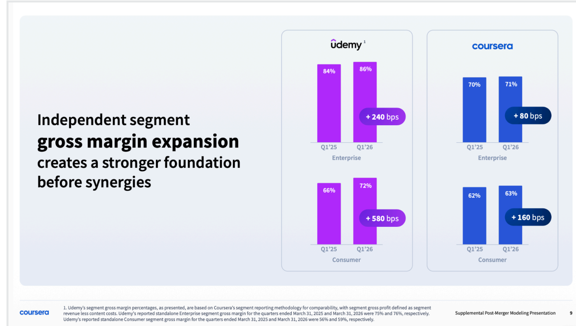
- The underlying drivers of growth vary across the platform.
  - We continue to see growth in Enterprise and momentum in Consumer subscriptions, while parts of Consumer remain under pressure, particularly Udemy's transactional offerings.
- Slide 7 also introduces two 2026 views: reported revenue and normalized combined revenue.
  - The reported basis for guidance remains our official outlook, but because the transaction closed in mid-May, reported 2026 results will include Udemy only for the post-close period.
  - As a result, comparative trends will not always reflect the underlying performance of the business.
  - For that reason, we are also providing a normalized view of the combined business that includes Udemy's pre-close revenue as if the transaction had closed at the beginning of 2026.
- Lastly, our outlook also includes potential revenue dis-synergies associated with integration, with our latest views reflected in today's outlook.
  - Importantly, it does not include any revenue synergies from the combination.
  - We believe this provides a realistic baseline, while appropriately accounting for potential near-term disruption as we integrate the companies and begin to build the foundation for future growth.



Revenue diversification

Mike Foley

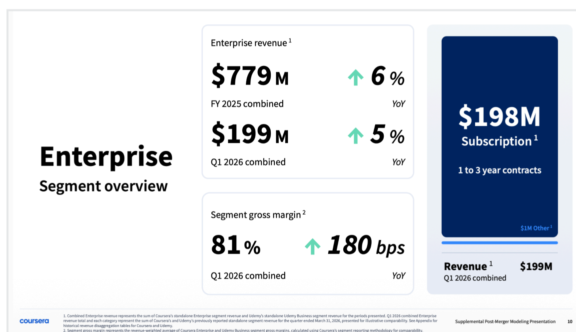
- As shown on slide 8, more than 80 percent of the combined company's revenue now comes from recurring revenue streams, including Enterprise revenue and Consumer subscriptions.
- That mix improves visibility and aligns the business with a market where skills development is becoming a constant need.
- It also provides a stronger foundation for a next-generation platform designed around continuous skills development rather than one-time content consumption.
- This higher-quality mix also supports the margin profile of the business.



Margin profile

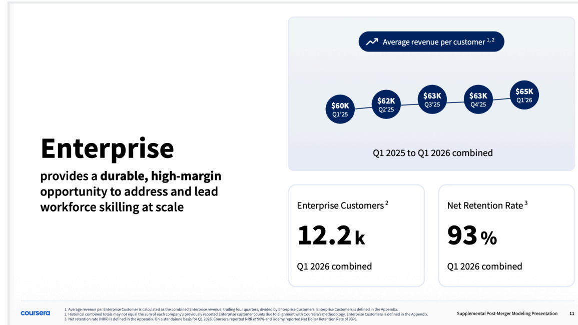
Mike Foley

- In recent years, both Coursera and Udemy have expanded segment gross margin while continuing to invest in product, content, and go-to-market capabilities.
    - Coursera has driven more favorable economics with initiatives like Coursera-produced content and the platform fee.
    - Udemy was further along a similar path, delivering consistent margin expansion and operating leverage while continuing to invest in the platform.
- As a result, the combined company begins with a stronger financial profile, benefiting from Udemy's higher gross margin and Adjusted EBITDA Margin contribution.
- Importantly, that is before synergies.
- The combination allows us to build on the progress both companies have already made, while delivering meaningful Adjusted EBITDA Margin expansion through our 115 million dollar net synergy target.



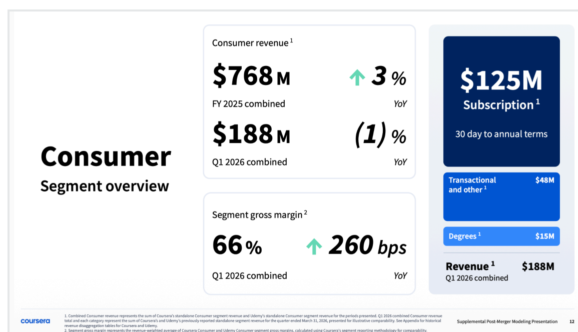
Enterprise overview

- Let's turn to our segments, starting with Enterprise.
- Enterprise now represents approximately half of combined revenue, and we believe it remains the most durable driver of growth in addition to its attractive gross margin.



Enterprise metrics

- The segment benefits from recurring customer relationships, multi-year contracts, and more than 12,000 Enterprise customers as of Q1.
- While growth and NRR remain below our long-term ambitions, our conviction in the Enterprise opportunity remains unchanged.
- Organizations are increasingly focused on workforce transformation, AI readiness, and solutions that help assess, develop, and measure talent more effectively.
- The combination expands our customer reach, go-to-market scale, and product capabilities.
- Over time, we believe a more unified platform experience can improve engagement, strengthen retention, and support more durable Enterprise growth.

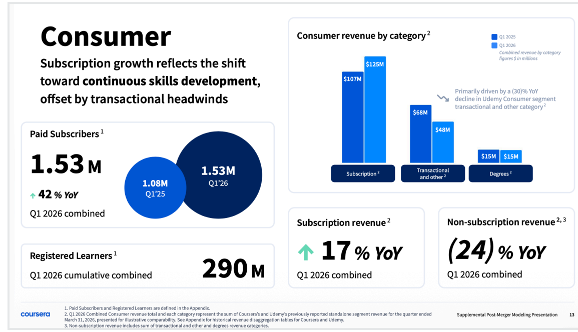


Consumer overview

Mike Foley

- Let's move to Consumer.
- First, we see strong demand for our subscription offerings, now two-thirds of Consumer revenue.
- At the same time, both companies have improved gross margin through better content economics, platform capabilities, and mix.
- Subscriptions have become the primary growth engine within Consumer, representing a majority of segment revenue and serving more than 1.5 million Paid Subscribers.

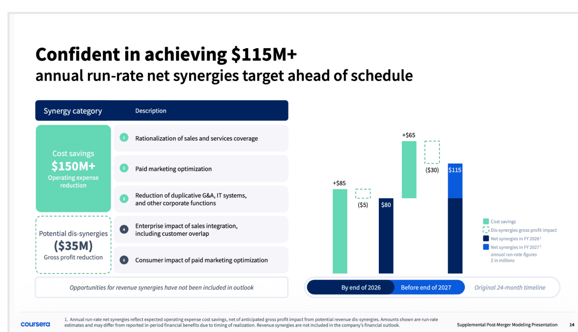
- We believe this provides value to our model, but also reflects a broader shift in how skills are continuously developed as technology reshapes the requirements for every role.



Consumer metrics

Mike Foley

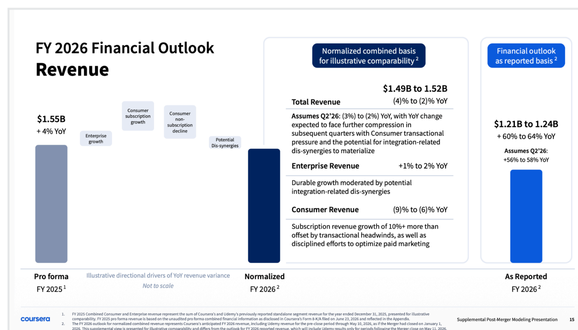
- That said, at a product level, the revenue trajectory remains in a transition period, particularly the Udemy transactional business which has been under pressure.
- While overall growth remains below our long-term ambitions, the composition and economics have continued to improve.
- These trends reinforce our view that the long-term Consumer opportunity is less about one-time content purchases or sheer content volume, and much more focused on helping learners continuously discover, develop, and prove the skills that unlock career outcomes.
- The combination gives us an opportunity to build a more comprehensive subscription experience spanning just-in-time skills development to longer-form credentials with the goal of increasing engagement and lifetime value to drive sustainable growth.



Synergies

Mike Foley

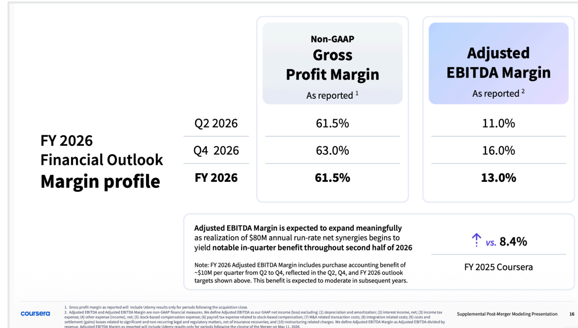
- As we have previously discussed, we continue to expect 115 million dollars of annual run-rate net synergies.
    - That target incorporates our latest view of expected revenue dis-synergies associated with sales integration, marketing optimization, and customer overlap.
    - In other words, it reflects the expected net benefit to the business, not simply gross cost savings.
- We now expect to achieve at least 80 million dollars by the end of 2026, representing a substantial majority of the target and a faster pace of realization than the original 24-month timeline.
    - Going forward, we intend to track and provide both the annual run-rate synergies achieved and the reported financial benefit recognized in our results.
- We view integration and synergy realization as the foundation for our next chapter of growth and innovation; not the finish line.
    - By eliminating duplication and sharing product, data, and technology investments, we can increase our capacity to invest at scale, move faster, and accelerate innovation in ways neither company could achieve independently.



Revenue outlook

Mike Foley

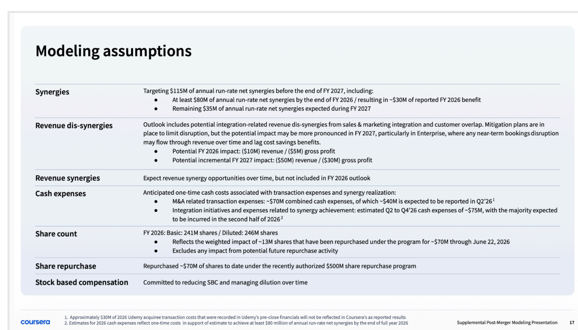
- Turning to our 2026 revenue outlook.
- On a reported basis, we expect revenue of 1.21 to 1.24 billion dollars, representing growth of 60 to 64 percent year over year.
- On a normalized basis, this reflects:
    - A full year revenue range of 1.49 to 1.52 billion dollars, or a decline of 4 to 2 percent year over year, reflecting modest Enterprise growth and a Consumer decline, as subscription revenue growth is more than offset by transactional headwinds and paid marketing optimization.
    - This also assumes Q2 revenue down 3 to 2 percent year over year, with the year-over-year change expected to face further compression in subsequent quarters.



Margin outlook

Mike Foley

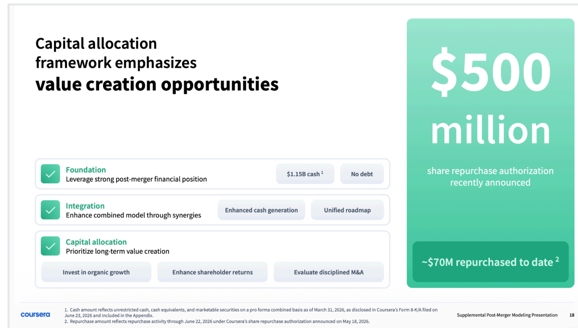
- Turning to margin, this is one of the clearest areas where the combination enhances the financial profile of the business.
- While revenue remains in transition, we have a clear path to expand non-GAAP profitability through strong gross margins, disciplined cost execution, and the ramp of our synergy benefits.
- On a reported basis for the full year, we expect gross margin of approximately 61.5 percent and Adjusted EBITDA Margin of 13 percent.
- However, those full year targets do not fully capture the run rate we expect to build by year-end.
    - While we expect to achieve at least 80 million dollars of annual run-rate net synergies by the end of 2026, only a portion of that benefit will be reflected in reported results.
- That ramp is why we are also providing margin targets for the fourth quarter.
    - In Q4, we expect to report an Adjusted EBITDA Margin of approximately 16 percent, reflecting a more meaningful in-quarter benefit from synergy realization.
    - Even with the near-term revenue pressure, we can demonstrate meaningful progress toward a fundamentally stronger earnings profile and substantial cash flow generation over time.



Modeling assumptions

Mike Foley

- We have also provided you with more detailed modeling assumptions across a range of metrics, from synergies considerations to the one-time cash expenses we anticipate following the transaction close and in support of our integration plans.



Capital allocation

Mike Foley

- Turning to capital allocation.
- At the end of Q1, Coursera and Udemy had pro forma cash of 1.15 billion dollars and no debt.
- For 2026, our capital allocation priorities are straightforward:
  - Execute the integration and begin realizing the benefits of the synergies,
  - Leverage our combined scale and R&D to accelerate our unified platform strategy, and
  - Remain disciplined in how we allocate capital, balancing strategic investment priorities with our ambition to drive stronger shareholder returns.
- That ambition is reflected in the 500 million dollar share repurchase authorization we announced in May.
- Since announcing the program just several weeks ago, we have already repurchased more than 70 million dollars of shares, reflecting our confidence in the value creation opportunity this combination creates for our business and our shareholders.

Key takeaways

Mike Foley

- Let me close with how I view the value creation opportunity ahead.
- There are two distinct lenses.
- The first is execution.
  - We have a clear path to integrate quickly, realize synergies faster than the timeline we originally communicated, and improve the financial profile of the combined company.
  - That is the work investors should expect us to deliver in the near term.
- The second is what that execution enables.
  - Integration gives us the scale, data, and investment capacity to build the next generation platform for skills development; one with greater reach, richer insights, and where learning is delivered in the flow of work with agentic, AI-native experiences.
  - That is the larger opportunity: not just bringing two companies together, but building the business we believe is required to meet this moment.
- Together, we believe these opportunities create a stronger company, an enhanced financial profile, and a compelling path to long-term value creation.
- Most importantly, they position us to better compete and lead in what we believe will be one of the largest workforce transformations in modern history.
- We are excited about the opportunity ahead, confident in our execution plan, and look forward to sharing our progress in the quarters to come.
- Now, let's open the call for questions.